

TRAVELING TO – AND DOING BUSINESS IN – AFGHANISTAN

Frequently Asked Questions (FAQs)

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Afghanistan Investment and Reconstruction Task Force
U.S. Department of Commerce
Washington, DC**

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I. Travel Information on Afghanistan

A. Traveling to Afghanistan

- Is it safe to travel to Afghanistan?
- Do I need a visa to travel to Afghanistan?
- What health precautions should I take before traveling?
- Where are the major points of entry into Afghanistan?
- What is the status of Afghanistan's airports and airlines?
- What are the conditions for road travel within the country?

B. Staying in Afghanistan

- What hotels are available?
- Do I need to register with anyone when I arrive?
- What medical facilities are available?
- What currency is used and what is the exchange rate?
- Are credit cards accepted?
- What are the electrical frequency and current requirements for Afghanistan?
- Are telecommunication services available?

II. Business in Afghanistan

A. General

- What business counseling resources are available?
- What do I need to do upon arrival to establish my business in Afghanistan?
- Where can I find information on the Afghan government and laws?
- How can I locate a lawyer in Afghanistan?
- How can I find employment or volunteer positions to assist the reconstruction of Afghanistan?

B. Business Opportunities

- What contracting and procurement opportunities exist with the U.S. government?
- What procurement opportunities exist with the Afghanistan government?
- How do I find procurement opportunities with the World Bank and Asian Development Bank (ADB)?

C. Financing Opportunities and Banking Environment

- What are the banking laws and environment?
- Is financing available through the U.S. Trade and Development Agency (USTDA)?
- What financing and risk management resources are available to investors through the Overseas Private Investment Corporation (OPIC)?
- What financing and political risk insurance sources are available to investors in Afghanistan through the World Bank and the Asian Development Bank (ADB)?

D. Exporting/Trade

- What are the current U.S. export licensing regulations?
- Are there any goods that the U.S. prohibits from being exported to Afghanistan?
- What is the customs and tariff structure in Afghanistan?

E. Investing in Afghanistan

- Is Afghanistan's investment environment open to foreign investment?
- Is there an Afghan government agency that can assist foreign investors?

I. Travel Information on Afghanistan

A. Traveling to Afghanistan

➤ Is it safe to travel to Afghanistan?

The security situation in Afghanistan remains serious. Only the most experienced, well-informed and open-minded traveler should consider visiting Afghanistan. Travelers report relative ease moving in and around Kabul with hired cars and drivers, interpreters and assistance from locally-hired agents. However, the same cannot be said for Afghanistan's outlying areas.

For up-to-date travel advisories, please refer to the U.S. Department of State's website at http://travel.state.gov/travel/cis_pa_tw/tw/tw_2121.html. Information can also be obtained by calling the Department of State at 888-407-4747 toll-free in the United States and Canada or 317-472-2328 from overseas. The Department of State strongly warns U.S. citizens against travel to Afghanistan. The ability of Afghan authorities to maintain order and ensure the security of citizens and visitors is limited. Also read the State Department's Consular Information Sheet on Afghanistan at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1056.html) for background information on traveling to Afghanistan.

➤ Do I need a visa to travel to Afghanistan?

A passport and visa are required for travel to Afghanistan. A visa can be obtained from the Afghan Embassy's Consular Office in Washington.

Embassy of Afghanistan – Consular Office
2233 Wisconsin Avenue, NW
Suite 216
Washington, DC 20007
Phone: (202) 298-9125

Three- or six-month multiple entry visas are available. For information on the required documents and fees for visas, please refer to the Afghan consulate website at <http://www.embassyofafghanistan.org/embassy/home.nsf/level2/visa?OpenDocument>

➤ What health precautions should I take before traveling to Afghanistan?

All travelers to Afghanistan should consult the Center for Disease Control's resources <http://www.cdc.gov/travel/indianrg.htm> prior to departure for updated information on vaccinations and outbreaks. A malaria risk exists from April through December in areas lower than 2000 meters (6,651 feet); Kabul is situated at an elevation of 1,800 meters (5,900 feet). All travelers should confer with a doctor on the appropriate prophylaxis. Some anti-

malarial regimes must be initiated up to several weeks prior to departure and continued for several weeks after return.

Visitors should bring cold and intestinal medicines, saline nasal spray, lip balm, sunscreen, dry skin care, insect repellent, and tissues. If you wear contacts, bring an ample supply of cleaning solution and two pairs of your prescription glasses. The dry, dusty climate can make wearing contacts uncomfortable. If you are taking prescription medication, bring sufficient amounts for more than the expected length of your stay, as pharmaceuticals are limited. While some medications may be available in-country, the Center for Disease Control warns that drugs purchased overseas may not be manufactured according to United States standards and may not be effective.

For specific information on traveler's health, please refer to the following resources:

Center for Disease Control (CDC): <http://www.cdc.gov/travel/indianrg.htm>

World Health Organization (WHO): <http://www.who.int/countries/afg/en/>

➤ **Where are the major points of entry into Afghanistan?**

Air Travel Routes

All passenger and air cargo flights enter Afghanistan at Kabul International Airport (KBL).

Land Travel Routes for Cargo

The Afghanistan Ministry of Commerce lists the following Afghan cities as key points of entry for goods entering Afghanistan.

Border with Pakistan

- Torkham at the Khyber Pass
- Nowapass, Marawara and Barikot North crossing points are north of the Torkham - Jalalabad road in Kunar province.
- Wesih/Chaman in the southern Spin Boldak district Kandahar province.

Border with Turkmenistan

- Torghundi
- Aquina.

Border with Uzbekistan

- Hairatan

Border with Tajikistan

- Sher Khan Bandar
- Ayekhanum

As a landlocked country, Afghanistan relies on regional and bilateral trade agreements with neighboring countries for its survival. Pakistan and Afghanistan maintain a Transit Trade Agreement allowing goods that are bound for Afghanistan to enter Pakistan at the Port of Karachi without paying Pakistani customs tariffs. Turkmenistan, Uzbekistan and Tajikistan also allow goods to pass through their territories en route to Afghanistan. However, these routes require longer travel distances and the countries are slowly reforming their customs procedures. Afghanistan signed several agreements with neighboring countries in September 2003 that will foster closer cooperation in the areas of customs reform and trade to better facilitate bilateral, regional and international trade with Afghanistan.

Note: American citizens and goods from the United States are prohibited from transiting Iran en route to Afghanistan without a waiver from the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC). More information can be obtained by visiting <http://www.treas.gov/offices/eotffc/ofac/index.html>.

➤ **What is the status of Afghanistan's airports and airlines?**

Kabul International Airport (KBL), located in northeast Kabul, is currently under renovation and it is not internationally certified yet. Air transportation in and out of Kabul is infrequent but more options are becoming available.

Commercial air travel is currently available on Indian Airlines (IAC) through Delhi, India, Pakistan International Airlines (PIA) through Islamabad, Pakistan, and Azerbaijan Airlines (AZAL) through Baku, Azerbaijan. Indian Airlines (<http://indian-airlines.nic.in>) flies on Thursdays and Saturdays. Pakistan International Airlines (www.piac.com.pk) operates three flights a week – Mondays, Thursdays and Saturdays. Azerbaijan Airlines (<http://nac-azal.com/en>) has flights scheduled on Sundays and Wednesdays, but note that since April 2005, flights on Azerbaijan Airlines have not been regular.

Ariana Airlines is the national carrier of Afghanistan and Kam Air is the first Afghan private commercial airline. Due to poor safety regulations, U.S. government employees are not permitted to fly Ariana Airlines or Kam Air. The U.S. government **strongly** discourages its citizens from flying Ariana or Kam Air.

➤ **What are the conditions for road travel within Afghanistan?**

Afghanistan's infrastructure was destroyed from two decades of war and conflict. However, the Afghan government made the rebuilding of roads and bridges among its top priorities. Progress on road reconstruction is already evident with the completion of the Kabul-Kandahar section of the ring road in December 2003 and work on the Kandahar-Herat

section continues through funding by the United States, Japan, and Saudi Arabia. Despite improvements, travel outside of Kabul remains both dangerous and difficult.

The Asian Development Bank, World Bank, and the European Union are also rehabilitating roads at Afghanistan's main entry points.

B. Staying in Afghanistan

➤ What hotels are available?

When contacting a hotel for reservations, ask if the rates include tax and whether construction on the floor is completed (rates may vary floor by floor depending on construction). A good resource for general travel tips, including hotels, cell phones, and restaurants, is <http://www.kabulguide.net>. Some hotels listed on this site include:

Intercontinental Hotel

Bagh-I-Balla Kabul

Phone: 873-761-469-690 or 93-2-290-043 (local)

Kabul International

Chicken and Flower Streets

Phone: 020-220-1124

E-mail: kabulinternational@hotmail.com

➤ Do I need to register with anyone when I arrive?

U.S. citizens living in or visiting Afghanistan are strongly urged to register with the Consular Section of the U.S. Embassy in Kabul immediately upon arrival or register before you depart for Afghanistan at <http://travelregistration.state.gov>. The embassy is located at

Great Masood Road (also known as Bebe Mahro (Airport) Road)

Phone: (93) (2) 230-0436

Fax: (93) (2) 230-1364

URL: <http://usembassy.state.gov/afghanistan>

➤ What medical facilities are available?

General Services

ISAF German Hospital

Italian Emergency Hospital

Shino Zada Hospital

Specialty Care

Noor Eye Hospital

Maiwand Hospital

Children's Hospitals (under 14)

Indra Ghandi Children Hospital
Atatuk Children's Hospital

Maternity Hospitals

Malalay Maternity Hospital
Rabia-I-Balki Hospital

Note on Private Clinics: Private clinics are often operated by individuals without government licenses or even medical degrees. There is no public agency that monitors these operations.

The U.S. Embassy offers further information and facility locations at
<http://usembassy.state.gov/afghanistan/wwwhmservices.html>.

➤ **What currency is used and what is the exchange rate?**

U.S. Dollars and the Afghani are both widely accepted in Afghanistan. As of July 2005, the exchange rate was approximately US\$1=Afs 43.

➤ **Are credit cards accepted?**

At present, credit cards and checks are not widely accepted. Cash U.S. dollars and Afghani are the accepted means of payment.

➤ **What are the electrical frequency and current requirements for Afghanistan?**

Afghanistan is on a 220v, 60 cycle electrical system, using European round, two-prong plugs.

➤ **Are telecommunication services available?**

Mobile Phone Services

Afghan Wireless (www.afghanwireless.com) provides GSM mobile phone service in Kabul, Kandahar, Herat and Mazar-i-Sharif. Calling plans can be purchased prior to departure by calling (703) 506-4644, ext. 107.

Ministry of Communications Building,
Mohammad Jan Khan Watt, Kabul
Phone: (93) 20-200-000
Fax: (93) 20-200-200
E-mail: info@afghanwireless.com

Roshan Wireless Company (www.roshan.af) covers Kabul, Kandahar, Herat, Mazar-i-Sharif, Jalalabad and Kunduz. Service can be set up by visiting the company's website or the main service center at

Roshan Wireless Company
Street 13
Wazir Akbar Khan, Kabul
Phone: (93) 79-997-333

In the Fall 2005, the Afghan government will issue two new GSM mobile licenses to begin operating in January 2006.

Internet Services

Internet services are now appearing throughout Kabul. Afghan Wireless manages Kabul's first Internet café at the Intercontinental Hotel. High-speed connections cost approximately \$5 for one hour on-line. The Excelnet Café also offers Internet access for about \$3 per hour.

II. Business in Afghanistan

A. General

➤ **What business counseling resources are available?**

Afghanistan Investment and Reconstruction Task Force: The U.S. Department of Commerce Afghanistan Investment and Reconstruction Task Force helps U.S. companies interested in participating in Afghanistan reconstruction. The Task Force is the lead in the U.S. government monitoring the commercial environment in Afghanistan and assisting U.S. companies engage in trade and commerce with Afghanistan. Team members provide comprehensive business counseling tailored to specific industry needs. To speak to a trade specialist, contact the Task Force.

Afghanistan Investment and Reconstruction Task Force
U.S. Department of Commerce
Washington, DC
Phone: (202) 482-1812
Fax: (202) 482-0980
E-mail: AfghanInfo@ita.doc.gov
URL: www.export.gov/afghanistan

U.S. companies interested in information about reconstruction activities in Afghanistan and commercial opportunities can register to receive AfghanInfo Alerts by sending an e-mail to AfghanInfo@ita.doc.gov with a contact name, company name, mailing address, e-mail address, telephone number, fax number, and specific industry.

Detailed information is also available in the Afghanistan Country Commercial Overview, a valuable resource for learning about the commercial environment in Afghanistan. It is a comprehensive guide offering the basics on Afghanistan's commercial and political climate, advice on navigating the government bureaucracy and business institutions and details on the most promising industries for business and investment. The guide also provides information on U.S. government and international financing outlets – including contact information – and other resources to develop business in Afghanistan. The guide can be downloaded at <http://www.export.gov/afghanistan/pdf/acco-winter2005.pdf>.

International Finance Corporation (www.ifc.org): The IFC offers a wide variety of private sector advisory services to governments and private companies in developing countries. IFC advises private companies on business ventures and business development. The services are provided independently of project financing and include

- Project Development Assistance
- Business Advisory Services for SMEs
- Restructuring
- Technical Assistance

IFC operates on a commercial basis and charges market rates for its products and services. There is no standard application form for IFC advisory services. A company or government can approach IFC directly with a request. The closest IFC field office is a good first point of contact, as are the specialized advisory service departments and the Project Development Facilities.

➤ **What do I need to do upon arrival to establish my business in Afghanistan?**

The U.S. Embassy in Kabul and the U.S. Department of Commerce's Afghanistan Investment and Reconstruction Task Force recommend these steps in order to initiate business in Afghanistan.

1. U.S. Embassy in Kabul: (<http://afghanistan.usembassy.gov>) The Embassy can provide valuable insights and updates on business developments and arrange meetings with Embassy officials and the Afghan government contacts listed here;
2. Afghan Investment Support Agency (AISA): (www.aisa.org.af) Investors must complete registration with AISA upon arrival. Registration forms and information on licensing requirements can be found on the website (see below for more information on AISA);
3. Afghan Ministry of Commerce: (www.commerce.gov.af) By engaging early on with the Ministry of Commerce, firms interested in business operations in Afghanistan ensure that their concerns will be heard by the appropriate Afghan government officials;

4. Afghan Ministry of Foreign Affairs (MFA): (www.afghanistan-mfa.net) By registering projects with the MFA Economic Affairs Department - as required by Afghan law - newly arriving firms ensure the continued support of this highly influential and international business-friendly Ministry while operating in Afghanistan.

Prior to traveling, it is recommended to contact the U.S. Department of Commerce Afghanistan Investment and Reconstruction Task Force (www.export.gov/afghanistan) well in advance for guidance and to help coordinate with the U.S. Embassy in Kabul. To maximize the visit, contact the Task Force and the U.S. Embassy well in advance to arrange meetings with Afghan government representatives and important business contacts.

For more information, please refer to the business primer found at http://www.export.gov/afghanistan/pdf/afghanistan_business_primer.pdf. The primer outlines further these initial steps and offers advice on what to expect in Afghanistan's developing marketplace. While businesses operating in Afghanistan face many challenges, appropriate policies and institutions are being created to improve the environment for trade and commerce.

➤ **Where can I find information on the Afghan government and laws?**

President Hamid Karzai leads the Transitional Islamic State of Afghanistan, which identifies itself as an "Islamic Republic." The new national constitution (www.af/constitution) adopted on January 4, 2004, paves the way for nationwide presidential and parliamentary elections to be held in 2004. The government's authority beyond the capital, Kabul, is slowly growing, although its ability to deliver necessary social services remains largely dependent on funds from the international donor community.

The constitution calls for the division of power between three distinct sectors of government.

- Executive Branch: The President is head of state, elected by direct majority vote. He/she will serve for a period of five years with two vice-presidents and is subject to a two-term limit. The President is the Commander-in-Chief of the armed forces and he appoints ministers, the attorney general, the head of the national security directorate, and members of the Supreme Court, but only with the approval of the parliament. While the President is granted strong executive powers, his authority is checked and balanced through oversight by other branches. The Constitution also provides for a clear impeachment process.
- Legislative Branch: There is no legislative branch yet, but it will be established after the parliamentary elections in September 2005. The National Assembly is divided into two branches: the Wolesi Jirga and the Meshrano Jirga. The Wolesi Jirga is elected directly by the people. The Wolesi Jirga is in proportion to the population of each region within Afghanistan, but will never exceed 250 members. Members of the Meshrano Jirga are elected and appointed for 5-year terms. Among their diverse roles of the National Assembly will be: the ratification, modification, or abrogation of laws

or legislative decrees; the approval of plans for economic, social, cultural and technological development; the approval of state budget; and the creation or modification of administrative units; the ratification of international treaties and agreements, or abrogation of the membership of Afghanistan to them.

- Judicial Branch: An independent organ of the state of Afghanistan. It consists of the Supreme Court (Stera Mahkama), High Courts, and Appeal Courts. The Supreme Court has 9 members, who are appointed by the President for a ten-year term. A Head of Supreme Court will be appointed out of the 9 members by the President. The Supreme Court will be the highest level of legal authority in the country.

Senior Government Officials

A complete list of cabinet members and bios is available at www.adf.gov.af/cabinet.asp

President	Hamid Karzai
First Vice President	Ahmad Zia Masood
Second Vice President	Abdul Karim Khalili
Minister of Commerce	Dr. Hedayat Amin Arsala
Minister of Economy	Dr. Mir Mohammed Amin Farhang
Minister of Finance	Dr. Anwar-ul Haq Ahadi
Minister of Foreign Affairs	Dr. Abdullah Abdullah
Minister of the Interior	Ali Ahmad Jalali
Minister of Defense	Abdur Rahim Wardak
Minister of Mines & Industries	Mir Mohammed Sediq
Minister of Energy	Ismail Khan
Minister of Communication	Amirzai Sangeen
Minister of Transport	Enayatullah Qasemi
Minister of Agriculture and Food	Obaidullah Rami
Minister of Education	Noor Mohammed Qarqeen
Minister of Public Health	Sawed Mohammed Amin Fatemi
Minister of Women's Affairs	Masouda Jalal
Minister of Public Works	Dr. Sohrab Ali Saffary
Minister of Rural Development	Mohammed Hanif Atmar
Minister of Urban Development	Yusef Pashtun
Minister of Justice	Mohammed Sarwar
National Security Adviser	Zalmay Rasool

The following websites are excellent resources on Afghanistan's government and laws.

Afghan Government's main web page: www.af

Afghan Commercial/Banking Law: www.export.gov/afghanistan/pdf/banking_legislation.pdf

Afghan Investment Law: <http://www.export.gov/afghanistan/pdf/afinlaw.pdf>

Ministry of Foreign Affairs: www.afghanistan-mfa.net
Ministry of Finance: www.mof.gov.af
Ministry of Commerce: www.commerce.gov.af
Ministry of Communication: www.moc.gov.af
Ministry of Rural Rehabilitation & Development: www.af/mrrd
Ministry of Agriculture: www.agriculture.gov.af
Afghan Investment and Support Agency (AISA): www.aisa.org.af
Government Procurement Unit: <http://www.eafghanistan.gov.af/procurement>
Central Bank: www.centralbank.gov.af

The Library of Congress also has a comprehensive list of resources on Afghan laws and background on the history of governance in Afghanistan. The website is <http://www.loc.gov/law/guide/afghanistan.html>.

➤ **How can I locate a lawyer in Afghanistan?**

The U.S. Embassy maintains a list of Afghan lawyers at <http://usembassy.state.gov/afghanistan>. Lawyers can help facilitate new business ventures by navigating Afghanistan's commercial laws, advising on requirements to register and operate in the country and facilitate proper registration procedures. In order to practice law in Afghanistan, attorneys must be registered with the Ministry of Justice. Unfortunately, none of the attorneys currently on the list speak English. Few of the attorneys currently on the list speak English. As the Embassy grows and officers make more contacts in the community, the website will be updated to reflect attorneys who are bilingual and well versed in both local legal customs and the American system.

➤ **How can I find employment or volunteer positions to assist the reconstruction of Afghanistan?**

The U.S. Department of Defense (<http://cpolwapp.belvoir.army.mil/sofia/>) is hiring to fill temporary civilian positions to assist in rebuilding Afghanistan. Resumes can be submitted on-line.

The U.S. Army Corps of Engineers (<http://www.aed.usace.army.mil/Jobopp.html>) is looking for people at all levels from interns to seasoned professionals with backgrounds ranging from architects, engineers and project managers, to biologists, contractors and accountants.

Development Gateway (www.developmentgateway.org/afghanistan) has a [link](#) to jobs in Afghanistan.

The Agency Coordinating Body for Afghan Relief (<http://www.acbar.org>) provides information about job [opportunities](#) with non-governmental organizations working in Afghanistan.

The United Nations Office for the Coordination of Humanitarian Affairs Relief Web (<http://www.reliefweb.int/vacancies>) also posts worldwide humanitarian vacancies on-line.

B. Business Opportunities

➤ What contracting and procurement opportunities exist with the U.S. government?

Federal Business Opportunities (FBO): U.S. government procurement opportunities are posted in a central location on the FBO website, www.fedbizopps.gov. The FBO Vendors Guide (http://www2.eps.gov/FBO_Vendor_Manual.pdf) details the process of searching for procurement opportunities. Vendors may initiate a search for Afghanistan-related procurement opportunities by selecting the “Find Business Opportunities” (<http://vsearch1.eps.gov/servlet/SearchServlet>) link on the FBO homepage and creating a search for “Afghanistan.” The following is a sample of opportunities listed at the time of this writing.

- Mobile Sewage Treatment System (Department of the Air Force)
- Afghanistan Basic Education Project (U.S. Agency for International Development)
- Shipping Container Inventory Software (Department of the Air Force)
- Runway Repair Items (Department of the Air Force)

U.S. Agency for International Development (USAID): USAID (<http://www.usaid.gov/afghanistan>) is the principal U.S. agency to extend assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms. In Afghanistan, USAID projects are covering eight key areas: strengthening governance; rehabilitating agriculture; empowering women; improving health; restoring media; restoring infrastructure; enhancing education; and growing the economy.

USAID is funding the largest U.S. reconstruction project, Rehabilitation of Economic Facilities and Services (REFS) that is managed by Louis Berger Group and included rebuilding the Kabul-Kandahar-Herat highway and surrounding infrastructure. Other major USAID projects include Rebuilding Agricultural Markets Program (RAMP) to increase agricultural productivity and output, and to facilitate effective linkages between producers, processors and markets and the Alternative Livelihoods Program (ALP) that will provide alternative sources of income to Afghans who have been dependent on the opium economy. Information about these and other USAID projects in Afghanistan as well as contact information for the companies managing them, visit http://www.export.gov/afghanistan/market_ops/usaids_projects.html.

➤ What procurement opportunities exist with the Afghanistan government?

The Procurement Unit of the Afghan government (<http://www.eafghanistan.gov.af/procurement>) is the main facilitator for the awarding of contracts on behalf of Afghan ministries and the municipality of Kabul. The Unit is part of the Afghan government’s Afghanistan Reconstruction and Development Services. Interested firms are advised to register on the Procurement Unit’s website to receive procurement announcements and to be listed as a potential supplier. Companies are also encouraged to

refer to industry ministry websites for sector specific opportunities. See above for a list of ministry websites.

How do I find procurement opportunities with the World Bank and Asian Development Bank (ADB)?

The World Bank: The World Bank (www.worldbank.org/af) is the most active multilateral institution in Afghanistan. As of June 2005, the World Bank has committed \$428.8 million in grants and \$436.4 million in loans to Afghanistan. The World Bank also manages the Afghanistan Reconstruction Trust Fund (ARTF), which provides a coordinated financing mechanism to the Afghan government to help with priority projects and programs to rebuild Afghanistan and facilitate the return of skilled expatriate Afghans to the country. It also provides short-term emergency funding for salaries of civil servants. As of March 2005, 24 donor countries have pledged \$1.18 billion to the ARTF, of which \$852 million has been received and more than \$508 million has been disbursed to the Afghan government for recurrent costs and \$92 million for investment projects.

Current World Bank projects include:

- Emergency National Solidarity Project
- Emergency Transport and Rehabilitation Project
- Emergency Irrigation Rehabilitation Project
- Emergency Power Rehabilitation Project

The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) provide average annual lending commitments for investment projects of \$10-15 billion a year. These funds are used by recipient countries to purchase goods and equipment, construct civil works, and obtain the consulting services needed to implement these projects. The World Bank advises that when pursuing business opportunities in projects financed by the World Bank, it is essential to understand that the implementing agency in the recipient country is responsible for procurement. The Bank's role is to facilitate the transaction and ensure it is accomplished fairly, efficiently and transparently.

Asian Development Bank (ADB): The ADB (www.adb.org/afghanistan) is a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific. Afghanistan was a founding member of ADB in 1966. ADB has so far loaned more than \$617 million to support programs in Afghanistan aimed to support transport (roads and civil aviation), energy (power and gas), natural resource management (agriculture, irrigation, and environment), and on governance and the financial sector. ADB's private sector interventions focused on banking and telecommunications.

Current ADB projects include:

- Qaisar-Bala Murghab Road Project
- Power Transmission and Distribution Project

- Regional Airports Rehabilitation Project
- Balkh River Basin Integrated Water Resources Management Project

Individual consultants and consulting firms can register with the ADB's Data on Consulting Firms (DACON) registry at www.adb.org/consulting/dacon.asp. Once registered with DACON, a consultant may submit Expressions of Interest (EOI) for ADB projects.

Information on World Bank and ADB procurement opportunities can also be obtained from the following resources:

United Nations Development Business (UNDB): The UN Department of Public Information provides UNDB (www.devbusiness.com/index.cfm) on-line and print subscriptions. Tenders for World Bank, Asian Development Bank, and other regional banks' projects are listed on UNDB.

Development Gateway Market (www.dgmarket.com) lists only World Bank procurement opportunities. A paid subscription is required to view the tenders in full.

C. Finance Opportunities and Banking Environment

➤ What are the banking laws and environment?

Da Afghanistan Bank (DAB) (<http://www.centralbank.gov.af>) is the central bank of Afghanistan. The primary objective of DAB is to achieve and maintain domestic price stability, foster liquidity, solvency, and proper functioning of a stable market-based financial system and support the general economic policies of the Government of Afghanistan. DAB is presently overhauling the old banking system within the country with assistance from the U.S. Agency for International Development (USAID). Afghan banks are just beginning to shift from the manual ledger system to electronic processing.

The Central Bank and Commercial Banking Laws were passed in September 2003, opening the way for the entry of foreign commercial banks in Afghanistan. The laws can be viewed at www.export.gov/afghanistan/pdf/banking_legislation.pdf.

Standard Chartered Bank (UK) and National Bank of Pakistan were the first to open branches in late 2003 and Afghanistan International Bank (AIB) began operations in early 2004. CitiCorp offers services through the branch office in Dubai. Other banks in Kabul include First Microfinance Bank of Afghanistan and Habib Bank. For a complete list of the banks and services offered in Afghanistan, visit http://www.export.gov/afghanistan/pdf/afghanistan_banking_services.pdf.

Standard Chartered's services in Kabul include letters of credit, bank guarantees, two-way international wire transfers, an ATM providing U.S. and Afghan currency, and a VISA linked ATM service. The Kabul branch is backed up by Standard Chartered's office in Dubai via a real time link.

Standard Chartered
CEO: Joseph Silvanus
P.O. Box 16019, House No. 10, Street No. 10B
Wazir Akhbar Khan, Kabul
Phone: (93) 79-088-888
E-mail: Silvanus@instandardchartered.com

AIB is operating as a commercial wholesale bank backed by Afghan-American and Dutch (ING) shareholders. Services include transfers, cashier services, savings and checking accounts, corporate loans, guarantee facilities, ATMs and credit cards.

Afghanistan International Bank
CEO: John Haye
House No. 1608 (Behind Amani High School)
Wazir Akhbar Khan, Kabul
E-mail: John.Haye@aib.af
Website: <http://www.aib.af>

The National Bank of Pakistan offers a full-line of banking services, including cashier services, savings and checking accounts, import/export financing, inward/outward remittances and offshore accounts.

National Bank of Pakistan
Country Manager: Sayed Mahmood-ul-Hassan
House No. 2, Street No. 10
Wazir Akhbar Khan, Kabul
Phone: (93) 79-312-301
Fax: (93) 20-230-1659
E-mail: nbpkbl@hotmail.com

Western Union (www.westernunion.com) is available for cash transfers at three locations in Kabul:

A.K. Rashidzada Corporation
Building 296, Street #13
Wazir Akbar Khan
Phone: (93) 79-325-777

Electronic Transfer Services
92 Sarai Shahzada
Phone: (93) 79-325-777

Electronic Transfer Services
Char Rahi Ansari North Western Corner (Next to Dunya Travel Services)
Phone: (93) 79-325-777

➤ **Is financing available through the U.S. Trade and Development Agency (USTDA)?**

The U.S. Trade and Development Agency (USTDA) funds technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. In Afghanistan, USTDA has funded feasibility studies for a fiber optic telecom network, a gas pipeline/power plant project, an assessment of hotel opportunities, and the civil aviation sector, among other projects. USTDA announced in October 2003 the agency's Industrial Capacity and Market Development Initiative. This initiative will help develop local private sector capacity in manufacturing, assembly and services, and will support Afghanistan's efforts to improve its physical infrastructure and human resource base. USTDA has approved more than \$5 million to fund activities in Afghanistan. For additional information, please contact USTDA at (703) 875-4357 or www.tda.gov.

➤ **What financing and risk management resources are available to investors through the Overseas Private Investment Corporation (OPIC)?**

The Overseas Private Investment Corporation (OPIC) established a \$100 million line of credit, available to projects that

- Demonstrate a substantial U.S. participation
- Promise significant benefits to the economic and social development of Afghanistan
- Foster private sector competition in the country

OPIC gives preferential consideration to projects that significantly involve U.S. small businesses.

OPIC offers political risk insurance, including Quick Cover, which will allow certain projects in the financial services, wireless telecommunications services, electricity distribution and hotel sectors, as well as for bid bonds to receive political risk insurance coverage on an expedited basis.

For more information, visit www.opic.gov.

➤ **What financing and political risk insurance sources are available to investors in Afghanistan through the World Bank and the Asian Development Bank (ADB)?**

The World Bank and Asian Development Bank (ADB) extend financing to the private sector for investments that contribute to Afghanistan's development goals. See above for more details or visit the agencies' websites:

World Bank: www.worldbank.org/afghanistan

Asian Development Bank (ADB): www.adb.org/afghanistan

Multilateral Investment Guarantee Agency (MIGA): MIGA (www.miga.org), a member of the World Bank Group, administers the Afghanistan Investment Guarantee Facility (AIGF), which is designed to help bridge the gap between investors' desires to tap business opportunities in Afghanistan and concerns about political risks. The facility mitigates risks for foreign investors by providing political risk guarantees for their investments by covering transfer restriction, expropriation, war and civil disturbance, and breach of contract.

Ms. Monique Koning
Multilateral Investment Guarantee Agency
1800 G Street, NW 12th Floor
Washington, DC 20433
Phone: (202) 458-5467
Fax: (202) 522-2630
E-mail: mkoning@worldbank.org

The International Finance Corporation (IFC): The IFC (www.ifc.org), the World Bank's private sector arm, assists private businesses that seek to invest in poverty reduction projects in developing economies. In addition to the business advisory services listed above, the IFC offers equity financing, syndicated loans, risk management products and intermediary finance. IFC can provide a mix of financing that is tailored to meet the needs of each project. However, most of the funding, as well as leadership and management responsibility, lies with private sector owners. There is no standard application form for IFC financing. A company or entrepreneur, foreign or domestic, seeking to establish a new venture or expand an existing enterprise can approach IFC directly. Visit the IFC website for more details.

American companies can obtain further information by contacting the U.S. Commercial Liaison offices.

U.S. Commercial Liaison to the World Bank in Washington

Mr. William Center, Senior Commercial Officer
Phone: (202) 458-0120
Fax: (202) 477-2967
E-mail: WCenter@worldbank.org

U.S. Commercial Liaison to the Asian Development Bank in Manila

Mr. Frank Foster, Senior Commercial Officer
Phone: (63-2) 887-1345
Fax: (63-2) 887-1164
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D. Exporting/Trade

➤ **What are the current U.S. export licensing regulations for trade with Afghanistan?**

In June 2002, the U.S. lifted most restrictions on exports and reexports to Afghanistan. Such transactions are now subject to export control policies applicable to most countries who are

not members of multilateral export control regimes. The majority of everyday commercial goods do not require specific U.S. government authorization for export or reexport to Afghanistan. However, certain items on the Commerce Control List do require a license from the Department of Commerce's Bureau of Industry and Security (BIS). These include items controlled for chemical and biological weapons, nuclear nonproliferation, national security, and missile technology reasons. There are also foreign policy controls in place for regional stability and crime Control reasons. These requirements are found in Part 742 of the Export Administration Regulations (EAR) (http://w3.access.gpo.gov/bis/ear/ear_data.html).

Are there any goods that the U.S. prohibits from being exported to Afghanistan?

The U.S. government generally reviews license applications to export controlled goods to Afghanistan on a case-by-case basis. Note that a license is required to export an item subject to the Export Administration Regulations (http://w3.access.gpo.gov/bis/ear/ear_data.html), even when one would not otherwise be necessary, if you know, have reason to know, or are otherwise individually informed by the Department of Commerce's Bureau of Industry and Security (BIS) with respect to a specific transaction that the item will be used in activities related to nuclear, chemical, or biological weapons or missile deliver systems as defined in part 744 of the Export Administration Regulations. In addition, certain restrictions administered by the U.S. Department of the Treasury's Office of Foreign Assets Control continue in effect with respect to transactions involving members of the Taliban.

Detailed information on U.S. export policies can be found at the BIS website at www.bis.doc.gov. Specific guidance on U.S. export controls with respect to Afghanistan can be found at <http://www.bis.doc.gov/policiesandregulations/RegionalConsiderations/Afghanistan.pdf>.

You may also contact the BIS Export Counseling Division (<http://www.bis.doc.gov/licensing/ExporterFAQ.html>) at (202) 482-4811 for specific guidance.

➤ What is the customs and tariff structure in Afghanistan?

The Afghan government is following a free trade regime with relatively low tariffs on imports and strives to facilitate trade through institutional legal and regulatory reform. This is a direct contrast to the earlier regime in the 1970s characterized by import substitution funded and managed by large state run enterprises, which only increased with Soviet rule over the 1980s. Investors and exporters face bureaucratic obstacles leftover from these formerly interventionist years.

Afghanistan's new customs tariff structure brings within international standards tariff classification, valuation and statistical reporting and will significantly increase revenue to the central government. Customs duties will be the lowest in the region and among the lowest in the world, and for the first time, will use the official exchange rate (US \$1 = Afs 43) for valuation purposes. The new tariff has dramatically reduced and simplified the very large number of ad valorem and regionally-specific customs duty rates to six major national

categories: 2.5 percent (essential food and non-food products), 5 percent (raw materials and capital goods), 8 percent (petroleum sector), 10 percent (semi-manufactured products), 15 percent and 16 percent (for respectively luxury and non-priority products).

E. Investment Environment in Afghanistan

Is Afghanistan's investment environment open to foreign investment?

The Afghan government passed the Law on Domestic and Foreign Private Investment (http://www.export.gov/afghanistan/commercial/afinvlaw_blurb_101102.html) in September 2002 that includes investor-friendly incentives to attract foreign investment. For example, investments may be 100% foreign owned and the only investment requirements are to maintain a valid bank account and to pass a criminal background check.

Is there an Afghan government agency that can assist foreign investors?

The Afghan Investment Support Agency (AISA) is an independent government agency created to attract and facilitate both domestic and foreign investment. The agency serves as a one-stop-shop for investors and provides the following services:

- Securing all necessary permits, licenses and clearances
- Providing general information on investment opportunities
- Outlining judicial details on investment, tax, labor, insurance and environmental laws/regulations and social/ecological standards
- Providing financial information regarding banking facilities, cost of labor and investment incentives
- Supporting the acquisition/leasehold of land
- Assisting in custom clearance of material related to the investment
- Offering on-line investment inquiry/information and license application
- Sponsoring investment conferences and symposiums
- Announcing investment opportunities via the foreign missions in Afghanistan and the Afghan Embassies overseas

Registration forms and information on licensing requirements and procedures are outlined on the agency's website, www.aisa.org.af.